S
333.91
N7mrrs
2001

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

2002 Renewable Resource Grant and Loan Program

APPLICATIONS DUE MAY 15, 2002

STATE DOCUMENTS COLLECTION
DEC 27 2001
MONTANA STATE LIBRARY
1515 E. 6th AVE.
HELENA MONTANA

APPLICATION SUPPLEMENT TO THE UNIFORM APPLICATION FOR PUBLIC FACILITY PROJECTS

MONTANA STATE LIBRARY
3 0864 0015 2151 0

Montana Renewable Resource Grant and Loan Program

Application Supplement to the Uniform Application for Public Facility Projects

Application Instructions and Forms for Governmental Entities

Application Deadline:
May 15, 2002

Department of Natural Resources and Conservation
Resource Development Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, Montana 59620-1601

Telephone: (406) 444-6668
Fax: (406) 444-6721
Web Page: http://www.dnrc.state.mt.us/cardd/cardd.html

Table of Contents

General Information 1
- Public Facility Project Applications 1
- Application Deadline 1
- Applicant Eligibility 2
- Project Eligibility 2
- Funding Selection 2
- Funding Limitations 3
- Grant Application Ranking Criteria 4

Application Checklist 7

Project Management Plan 8
- Instructions For Project Management Narrative 8
- Outline For Project Management Narrative 8

Resource and Citizen Benefits 9
- Instructions for Resource and Citizen Benefits Narrative 9
- Outline for Resource and Citizen Benefits Narrative 10

The Renewable Resource Program
Instructions and Forms for Grant and Loan Applications

General Information

The Montana Legislature established the Renewable Resource Grant and Loan Program to enhance Montana's renewable resources. The program is administered by the Resource Development Bureau of the Department of Natural Resources and Conservation (DNRC). This program is funded through interest accrued on the Resource Indemnity Trust Fund (RIT).

Governmental and private entities are eligible to apply for renewable resource grants and loans. The application forms in this booklet are for **governmental entities only**. If you have prepared your application using word processing software, please include a copy of the application in digital format. Clearly identify the software used and the names of all files.

This application is available electronically on the DNRC website at
www.dnrc.state.mt.us/cardd/cardd.html

Public Facility Project Applications

Applicants for public facility projects (drinking water, wastewater, and solid waste projects) must submit the *Uniform Application Supplement for Montana Public Facility Projects*. Public facility project applicants must also complete the *Project Management Plan* and *Renewable Resource Benefits Narrative* contained in this supplement.

Applicants should submit **the original and three (3) additional copies** of your application, including copies of all supporting documentation and a **$250 application fee**, to:

Montana DNRC
Resource Development Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, MT 59620-1601

Phone: (406) 444-6668
Fax: (406) 444-6721

Application Deadline

Application forms must be **hand delivered to DNRC or postmarked no later than May 15, 2002.** If you have questions or if we can help you in any way, please contact our office at (406) 444-6668.

Applicant Eligibility

Grants and Loans for Governmental Entities

Eligible applicants include any division of state government, tribal government, or other county, city, or local political subdivision. In the past, these entities, called governmental entities, have included cities, towns, counties, county conservation districts, water and sewer districts, school districts, irrigation districts, joint boards of control, state agencies, and universities.

Project Eligibility

The types of projects that are eligible for funding are specified in *Montana Code Annotated* (MCA) §85-1-602.

> *[1] Either grants or loans may be provided to fund the following types of projects:*
> *(a) feasibility, design, research, and resource assessment studies;*
> *(b) preparation of construction, rehabilitation, or production plans; and*
> *(c) construction, rehabilitation, production, education, or other implementation efforts.*

Renewable resource projects, including water conservation, water quality, forestry, air quality, resource education, waste management, and other renewable resource-related projects, are eligible to receive grant and loan funding. Projects must enhance the common well being of Montanans through the conservation, management, development, or preservation of a targeted renewable resource. Projects that have received funding in the past include research and demonstration of improved farming practices, water conservation, resource planning studies and education, improved forest resource management, and development of better access to recreational opportunities.

Other eligible projects have produced feasibility and design studies for renewable resource projects. Numerous community infrastructure projects for water supply, wastewater, and solid waste facilities have received funding under this program. Funding is available for both preliminary engineering/design and construction of these facilities.

Eligible water-related, renewable resource projects include projects to construct or repair works for the purpose of irrigation, flood prevention, drainage, or the supply of water for public, domestic, industrial, stock, fire protection, or other beneficial uses. Eligible projects also include those for the preservation or benefit of fish and wildlife; improvement of public, water-based recreational opportunities; and development of hydropower.

The Renewable Resource Grant Program funds watershed projects that protect and improve water quality. Projects that control erosion, restore riparian zones, and help plan for the management of surface water and groundwater sources, have received funding. Recreational projects that do not have resource benefits like municipal swimming pools or golf course developments are less likely to receive funding.

Funding Selection

After grant applications are received, DNRC staff and consultants will review the applications and make recommendations. The DNRC director and the governor then review the

recommendations. By January 2003, these recommendations will be finalized and submitted to the Montana Legislature for approval. Legislative authorization will be completed near the end of April 2003. Successful applicants may execute Grant Agreements and Bond Purchase Agreements with DNRC after July 1, 2003. These agreements must be made prior to incurring expenses on the projects. Any expenses made prior to an executed grant agreement will NOT be reimbursable.

For a complete discussion of the criteria for ranking grant applications, please see section, *Grant Application Ranking Criteria*, on the following page.

Funding Limitations

Grants

Funds are appropriated directly by the legislature based upon recommendations from DNRC. DNRC limits its grant funding recommendations to a maximum of $100,000 for any one renewable resource project.

Loans

DNRC does not put a specific limit on the recommended loan amount. The limit is essentially the maximum amount that can be borrowed by the local government and repaid. Local governments enter into debt by issuing bonds. The type of bond that needs to be issued is dependent upon the type of local government and the source revenue used to make the payments. There are basically two categories of bonds. Revenue bonds are bonds that pledge the revenue of a system and are generated through rates and charges for the use of the system. The other type of bond is a tax-backed bond where the taxing authority of the local government is pledged as the source of repayment.

Drinking water and wastewater projects are encouraged to apply to the State's Revolving Fund (SRF) loan programs. These SRF loan programs are specifically designed to provide below market interest rates for these types of systems. However, there are renewable resource projects that are not eligible for funding under the SRF programs. An example would be the rehabilitation of an irrigation diversion dam. For these projects, the Renewable Resource Loan Program provides an excellent source of loan funds. If the applicant can demonstrate a high cost of water or other financial hardship, DNRC may recommend a below market rate loan. The identified cost and financial hardship will be compared to other projects that have been funded by the Renewable Resource program as well as other agencies. The amount of the subsidy depends upon the specific need that is demonstrated by the borrower.

Renewable Resource Grant and Loan Program
Application Ranking Criteria

Renewable Resource Grant and Loan Program applications are evaluated, scored and ranked according to the following criteria:

1. **Application Summary (no points)**

   All applicants must complete this section.

2. **Proposal Abstract (no points)**

   The proposal abstract will be incorporated into the Renewable Resource Grant and Loan Program's Report to the Montana Legislature. It is important to provide accurate information that best describes the renewable resource benefits and other merits that will be achieved. The abstract should be no more than 300 words.

3. **Financial Feasibility (-100 points)**

   Financial feasibility is determined based on information included in the application. DNRC evaluates the financial feasibility of the proposed project or study based on the budget submitted with the application, the affordability of the project to the users, and the feasibility of the proposed funding scenario. Deficiencies in the financial plan are determined and could result in the loss of up to 100 points.

4. **Adverse Environmental Impact (-100 points)**

   Each application includes an environmental evaluation prepared by the applicant or its consultant. In the case of public facility project applications, the environmental evaluation is part of the Uniform Application and is reflected in the Preliminary Engineering Report. Short-term impacts, including temporary construction impacts, should be addressed as well as long-term impacts, both positive and negative. Inadequately evaluating environmental impacts, or selecting alternatives which will result in adverse environmental impacts, could result in the loss of up to 100 points.

5. **Project Management and Implementation (-100 points)**

   Each application includes a project management and implementation plan. DNRC evaluates the plan to determine the adequacy of the applicant to manage or provide for the management of the proposed project, including records management and grant and loan administration. Specific areas that will be evaluated include staffing and coordination, public involvement, and contract management (including the management of all grant agreements), contracts with consultants, and construction contracts. Deficiencies in project management and implementation could result in the loss of up to 100 points.

6. Technical Feasibility (400 points)

Outlines are included in the application guidelines for the Technical Narrative or, in the case of public facility projects, the Preliminary Engineering Report. To facilitate the review of the Technical Narrative or Preliminary Engineering Report, it is recommended that these outlines be followed in preparing the application. Each application is evaluated on the basis of the following criteria:

A. Compliance with the prescribed outline and required information;

B. Adequacy of the alternative analysis;

C. Adequacy of cost estimates for potential alternatives and the preferred alternative;

D. Soundness of the basis used in selecting the preferred alternative;

E. Feasibility of the project's implementation schedule; and

F. The quality of supporting technical data submitted with the application. The Technical Narrative or, in the case of a public facility project application, Preliminary Engineering Report provide DNRC with the information used to evaluate the technical feasibility of the proposed project and could result in the award of up to 400 points.

7. Resource and Citizen Benefits (600 Points)

As stated in MCA 85-1-601, the purpose of the Renewable Resource Grant and Loan Program is to further the state's policies set forth in MCA 85-1-101 regarding the conservation, development, and beneficial use of water resources and to invest in renewable natural resource projects that will preserve for the citizens of Montana the economic and other benefits of the state's natural heritage. Resource and citizen benefits of proposed projects are evaluated by DNRC and could result in the award of up to 600 points. Resource and citizen benefits associated with each application are evaluated on the basis of the following criteria:

A. Renewable Resource Benefits

i) Resource **conservation**. Will the project ensure measurable future renewable resource benefits through the implementation of new or improved efficiencies and utilization practices? Will it improve water use efficiency through the installation of new or improved water meters or other measuring devices?

ii) Resource **development**. Will the project provide new benefits or enhance existing benefits through the development of a renewable resource? Will it support the development of state, tribal or federal water projects including regional water systems? Will it develop off-stream or tributary water storage or develop hydropower or other alternative renewable energy resources?

iii) Resource **management**. Will the project improve the measurable benefits of a renewable resource through better stewardship or other improved use of the resource?

iv) Resource **preservation**. Will the project protect and thereby preserve the existing quality of a renewable resource? Will it reduce agricultural chemical use or prevent point sources of pollution?

B. Citizen Benefits and Public Support

i) **Multiple uses**. Will the project provide or enhance natural resource based recreation? Will it enhance Montana's fisheries or wildlife habitat?

ii) **New and permanent jobs**. Will the project directly result in new permanent jobs?

iii) **Public support**. Does the application include documented public support? Does the application contain letters of support? Have citizen groups (e.g., watershed councils, sportsmen groups, development councils) enlisted support for the project? Have public meetings been held (attach attendance lists)?

Renewable Resource Grant and Loan Program

Application Checklist

✓ **Be sure that each of the following items is included in your application. Applications are due no later than May 15, 2002.**

____ **1. Completed Uniform Application for Public Facility Projects**

____ **2. Project Management Narrative**

____ **3. Resource and Citizen Benefits**

Project Management Plan

Effective planning and management is an essential component of successful project implementation. DNRC is interested to know how you plan to control the management issues that are key to successful project implementation. For example, what controls will you implement to insure that subcontractors will maintain the project schedule and provide timely and accurate progress reporting? What steps will you take to integrate public involvement throughout the course of the project? The outline for the Project Management Narrative addresses the management issues that DNRC will consider in evaluating the feasibility of your project. Structure your narrative accordingly.

Instructions for the Project Management Narrative

Discuss how you will implement this project from funding through project completion. Use the outline below to organize your presentation. This outline is not all-inclusive; there are other topics you may wish to address. **Two pages** should be sufficient to complete this section.

On your own paper, use the following format for your narrative.

Project Management Narrative

Applicant Name _____

Project Title _____

Narrative Discussion:

Outline for the Project Management Narrative

1. Identify the staff requirements necessary for successful project management. Discuss how you plan to meet those requirements. If possible, identify the members of your project management team including any consultants that will provide project management services.

2. Discuss any coordination activities with other local, state, or federal agencies that are necessary to implement the project.

3. Discuss how you plan to integrate public input throughout project implementation.

4. Describe the measures you will take to manage consultants that are responsible for completing major project tasks. Discuss the steps you will take throughout project implementation to stay informed on the status of consultant activities as they complete project tasks.

Resource and Citizen Benefits

(Instructions and Outline for Narrative)

Instructions for the Resource and Citizen Benefits Narrative

Use the outline for the Renewable Resource Benefits Narrative on the following page to organize your presentation. Describe the measurable benefits to renewable resources that your project will achieve. Describe how the project achieves the benefits prescribed in statute. Grant proposals are ranked according to the renewable resource benefits that will result from project implementation. Projects that achieve the greatest benefits to renewable resources receive the greatest number of points. A project that benefits health and safety would not receive ranking points unless it also provides the benefits prescribed in MCA Title 85, Chapter 1, Part 602. Please see the statute below.

Project reviewers need enough information to determine whether the benefits claimed in your proposal can be measured and are actually attainable. If you fail to provide adequate information, DNRC may contact you to require additional information and documentation before review of your proposal continues.

If you have completed objective studies that assess your project and its potential benefits, provide copies of these studies as attachments. If you have not conducted a formal benefit analysis, describe the process you used to assess and, if possible, quantify the benefits of your project.

MCA §85-1-602

(1) Objectives: The department [of Natural Resources and Conservation] *shall administer a renewable resource grant and loan program to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources. Either grants or loans may be provided to fund the following:*
(a) feasibility, design, research, and resource assessment studies;
(b) preparation of construction, rehabilitation, or production plans; and
(c) construction, rehabilitation, production, education, or other implementation efforts.

(2) Projects that may enhance renewable resources in Montana include but are not limited to:
(a) development of natural resource-based recreation;
(b) development of offstream and tributary storage;
(c) improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under 85-2-113; and development of state, tribal, federal, water projects;
(d) water-related projects that improve water quality, including livestock containment facility projects; and
(e) advancement of farming practices that reduce agricultural chemical use.

(3) The renewable resource grant and loan program is the key implementation portion of the state water plan and must be administered to encourage grant and loan applications for projects designed to accomplish the objectives of the plan.

Resource and Citizen Benefits Narrative

Applicant Name _____

Project Title _____

Narrative Discussion:

Outline for the Resource and Citizen Benefits Narrative

The outline below addresses the topics that DNRC will consider in evaluating the renewable resource benefits of your project. Structure your narrative accordingly. This outline is not all-inclusive; there are other topics you may wish to address. This narrative should not exceed **two pages** in length.

Projects may receive ranking points in each public benefit category. However, each project will only be eligible to receive maximum points in the category that is determined to be the project's primary purpose, to conserve or develop or manage or preserve. If there are benefits in other categories, the project may receive additional ranking points, but would not be eligible for maximum points in more than one category.

1. Describe the project's renewable resource benefits.

   A. **Conserve: to keep from loss**. Conservation benefits will be awarded to projects that improve the utilization efficiency of a renewable resource. Projects in this category will be ranked based on the improved efficiency.

      Examples of projects that are considered to have strong conservation benefits are:

      - Irrigation improvement projects that significantly improve the efficiency of water use; if the current delivery facilities result in significant losses of water between the point of diversion and the place of use, then a project that would reduce these losses through measures such as canal lining or installing pipe would qualify for conservation benefits;
      - Water meter installations where the meters are placed at the point of use so that the user is charged based on actual use; and
      - Replacement of antiquated equipment by new equipment that allows the increased utilization or savings of a renewable resource

B. **Develop: to cause to grow or expand. Development benefits will be awarded to projects that advance or expand the utilization of a renewable resource.**

Examples of projects that are considered to have strong development benefits are:

- Construction of new irrigation facilities;
- Development of a new water well for a community;
- Construction of artificial wetlands or spawning beds; and
- Tree plantings in areas that would otherwise not be planted or naturally reseed

C. **Manage: to handle, direct, govern or control in action or use. Management benefits will be awarded to projects that improve the governing entities' ability to control and administer a renewable resource.**

Examples of projects that are considered to have strong development benefits are:

- Groundwater studies needed by watershed groups and/or county governments to determine where the resources are and where they are not;
- Engineering studies that identify alternatives for renewable resource projects; and
- Telemetry systems that allow the remote operation of water systems

D. **Preserve: to keep alive or in existence. Preservation benefits will be awarded to projects that will keep in existence renewable resource benefits that exist today. Projects in this category will be ranked based on the preservation of existing benefits associated with the use or continued existence of a renewable resource.**

Examples of projects that are considered to have strong preservation benefits are:

- Repair and restoration of a dam where the stored water provides significant public benefit;
- Repair or restoration of a stream channel; and
- Repair of a water or wastewater system to keep it in service.

2. Describe the project's Citizen Benefits and Public Support

A. **Multiple uses**. Will the project provide or enhance natural resource based recreation? Will it enhance Montana's fisheries or wildlife habitat?

B. **New and permanent jobs**. Will the project directly result in new permanent jobs?

C. **Public Support**. Does the application include documented public support? Does the application contain letters of support? Have citizen groups (e.g., watershed councils, sportsmen groups, development councils) enlisted support for the project? Have public meetings been held? (Attach attendance lists)

Persons with disabilities who need an alternative, accessible format of this document should contact DNRC at the address below. Phone 406-444-6668 or fax 406-444-6721.

200 copies of this public document were published at an estimated cost of $7.14 per copy. The total cost of $1,428 includes $1,428 for printing and $00 for distribution.

MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
1625 Eleventh Avenue • P.O. Box 201601 • Helena, MT 59620-1601
www.dnrc.state.mt.us